

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN



**Payroll Business Line
FISCAL YEAR 2004 – 2008 PLAN
March 12, 2004**

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

Executive Summary

Mission: Provide accurate and timely payroll and related services for 12,000 Department of Energy Federal employees.

Vision for Near Term: Continue to effectively work with the Defense Finance and Accounting Service (DFAS) to enhance the Automated Time and Attendance Production System (ATAAPS) and Defense Civilian Payroll System (DCPS) to eliminate manual payroll workarounds, permit employees to access their Leave and Earning Statements beyond the last two pay periods, and timely respond to employees' requests for assistance. This includes Capital Accounting Center's proactive participation in DFAS Systems Control Board activities that enables the Department of Energy (DOE) to elevate its interest and concerns to improve the payroll services to employees.

Balance Score Card Objectives:

- **Customers:** Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.
- **Financials:** Develop and execute plans to provide quality services without unduly burdening the program offices that finance the payroll operations.
- **Internal Processes:** Evaluate and/or reengineer policies, procedures, and business practices to complement the DOE's system modernization initiative.
- **Learning and Growth:** Continue to develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in enhancing the payroll processes.

Accomplishments:

- 100% on time payment delivery to employees (100% achieve during past 23 years)
- Eliminated the vulnerabilities associated with aging legacy payroll systems by utilizing the DFAS ATAAPS and DCPS to accomplish the payroll functions.
- Realized \$5 million savings by eliminating the need to modernize DOE's payroll systems.
- Successfully implemented and deployed the Automated Time and Attendance System (ATAAPS) throughout the DOE (except for Bonneville Power Administration and Federal Energy Regulatory Commission)
- 100% participation by employees who received their electronic Leave and Earnings Statement (LES) via the Employee Self Service (ESS) and MyPay websites.
- Realized annual savings of \$100,000 by eliminating the need to mail out the LES every two weeks.
- Reduced the DOE payroll contractor workforce from seven to three employees.
- Implemented the automated APPLIX system to track and respond to employees' interest and concerns.

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

Introduction

Currently, the Capital Accounting Center (CAC) provides payroll and related services for all Department of Energy Federal employees except those in the Federal Energy Regulatory Commission and the Bonneville Power Administration. The services described below are performed for approximately 12,000 employees and are performed through the DFAS payroll services and use of ATAAPS and DCPS.

- Collect, edit, and process the time and attendance (T&A) data submitted by timekeepers and certifying officers.
- Follow up with certifying officers when T&A reports have not been certified accurately or in timely manner.
- Receive and respond to employees' inquiries and requests regarding their payroll payments, allotments, TSP investments, etc.
- Manually enter supplemental payroll data in DCPS to correct problems or to make payments to new employees who's T&A reports were not received in a timely manner.
- Review and process donated and carryover leave in DCPS.
- Process the payroll payment requirements set forth in settlement agreements and legal judgments.
- Prepare and submit billing requests to DFAS for overpayments made to employees.
- Reconciles the accounting control accounts maintained at DFAS and DOE
- Maintains and operates the Department's system of allocating payroll costs to the affected offices and proper appropriations.

In 1994 the Department recognized that the payroll related systems had not kept pace with technology and faced the added risk that staff reductions had reduced critical functional expertise. In order to address these sensitive issues, the Department initiated a plan to outsource the payroll function to the Department of Interior (DOI). Shortly after starting this first initiative, the Department learned that outsourcing to DOI was cost prohibitive and terminated this outsourcing initiative. On or about 1998 and as a part of the Corporate Human Resources Information System (CHRIS) initiative, the Department explored the possibility of using and integrating the PeopleSoft payroll application. In fiscal year 2000, the Department learned that there were too many gaps and it would be too costly to implement the PeopleSoft payroll application. At this juncture, the Department came to a critical point where decisions and strategic directions were needed. The DOE conducted a preliminary study that indicated outsourcing the payroll function could enhance the sustainability of the payroll activity. At the direction and approval of the Working Capital Fund Board, a contract consultant was obtained to make an objective and independent assessment on the viability of outsourcing the payroll functions. The contract consultant recommended that DOE perform a fit and gap analysis of GSA functionalities before DOE followed through with the consultant's disclosure that GSA provided the best return on investment over several other payroll alternatives. In May 2002, GSA provided a \$5.4 million cost estimate to fix the systems gaps. This estimate was again more than the WCF could support. Additionally and about this time, the OMB e-Payroll initiative advised agencies that they may be directed to choose between 2 to 3 approved payroll

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

providers by early fiscal year 2003. By waiting for OMB to select the consolidated payroll providers, DOE reduced the risks in prematurely outsourcing to an agency that may not be selected. In June 2002 and at the direction of the Director, Office of Management, Budget and Evaluation/Chief Financial Officer, the Capital Accounting Center (CAC) investigated the potential of migrating its payroll functions to the Defense Finance and Accounting Service (DFAS). The analysis revealed that the Department could potentially generate significant savings by implementing the DFAS's Automated Time and Attendance Production System (ATAAPS) and by transferring the payroll functions to DFAS. By January 2003 and with the full approval of the WCF Board, the CAC set a path forward to migrating the Department's payroll functions to DFAS. On September 7, 2003 and with the support of the DOE community, DOE became the first Government agency to successfully migrate its payroll functions to a designated Government payroll service provider. Additionally, the success resulted in Office of Management and Budget applauding the Department.

Planning Process: While the Department was successful in migrating its payroll functions to DFAS, the CAC and its stakeholders have continuing challenges to improve the efficiency of DOE administrative services and to transfer the payroll accounting from the Departmental Integrated Standardized Core Accounting System (DISCAS) to the I-MANAGE STARS system by October 1, 2004. The Payroll Business Line plans to sustain its efforts to improve performance that are in line with those of the CFO and the WCF and support the Department's strategic objectives in Corporate Management. The business line will work towards achieving the balanced scorecard objectives and report the progress to the WCF Board on a quarterly and annual basis.

Each year the business line updates its five-year plan using a balanced scorecard approach with objectives, performance goals to measure successes, and strategies to reach objectives. The business line reports progress towards these balanced scorecard objectives to the WCF Board on a quarterly and annual basis. The pricing policies are based on the guidelines provided in the Working Capital Fund Guide to Services and Procedures (the Blue Book). The Payroll Business Line recommends that the pricing policy be reduced to \$2.108 million for fiscal year 2004, and that the cumulative annual assessment of \$2.108 million remains the same for fiscal years 2005 and 2006.

External regulation and partnerships: While the DOE utilizes the DFAS payroll systems to pay DOE employees, the payroll business responsibilities and functions continue to fully comply with DOE accounting regulations, IRS Tax Codes, Treasury's Fiscal Requirements Manual, and Titles 5, Code of Federal Regulations, and Administrative Personnel.

Resources and capabilities of the organization: Although the Department eliminated the risks associated with the Department's aging payroll legacy systems, the Department assumed new responsibilities to sustain and support the ATAAPS in the Department's communication infrastructure. With these responsibilities, the Department is precluded from realizing approximately \$100,000 savings that was initially projected by the payroll outsourcing study.

While the number of Federal staff in the payroll business will be unchanged at the end of fiscal year 2004, CAC is projecting that the three remaining contractor support personnel will not be

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

needed because the DOE community is becoming more accustomed to the DFAS processing their pay. This should generate approximately \$120,000 annual savings starting in fiscal year 2005.

With the approval and support of the WCF Board to continue the pricing policy for fiscal years 2004 and 2005, the Payroll Business Line should have the resources to continue its path forward to continue to sustain a steady-state payroll operation at \$2.1 million and a high level of quality payroll service for the DOE employees and affected program offices.

Needs and capabilities of customers: As in past years, the Payroll Business Line (PBL) continues to be sensitive to the employees' expectations and needs for accurate and timely payroll payments and quality services. The PBL understands that employees are currently and consistently using the internet to receive payroll related information and services. The PBL will monitor customer inquiries via use of APPLIX system that facilitates in the logging of each customer inquiry and transmitting electronic responses. The APPLIX data will be used to adjust the payroll operations to be more responsive to employees' expectations.

Future competitive advantages: By the end of fiscal year 2004, the Department's employees will benefit from ATAAPS enhancements. They will be able to view and print out their Leave and Earnings Statements (LES) for the last 27 pay periods. Additionally, timekeepers and certifying officers will be able to electronically submit supplemental time and attendance data in lieu of faxing the data to the Payroll Branch. As for eliminating T&A work-around procedures for employees with unusual work schedules, the Payroll Business Line will remind DFAS on need to enhance ATAAPS so that timekeepers can submit employees hours work properly and efficiently.

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

Balance Scorecard Elements

- 1. Customer Objective: Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.**

The Payroll Business Lines most important mission is to pay employees accurately and in a timely manner. While the CAC appears to be doing a great job, it has not conducted a customer survey of the employees and program offices to validate the efficiency and effectiveness of its services and to identify additional areas of potential improvement. In lieu of customer surveys, the Payroll Business Line will conduct semi quarterly analyses of the information in APPLIX to determine the customers' expectations.

Performance Goal	Performance Standard
Pay employees on time	100% on-time biweekly disbursement to employees
Deliver payroll T&A and LDS reports on time	100% on time delivery of reports
Achieve satisfactory outcome from survey of employees and program offices	95% of employees responding to survey provide comments that the payroll services are fair to excellent

Measuring Effectiveness: The payroll should be processed accurately every two weeks. To date, the Payroll Business Line has consistently made disbursements and delivered reports on a biweekly basis and thereby has sustained the 100% performance objective for many years.

Relevance to the Department Goals: The Department's most valuable asset is its Government workforce that relies on receiving accurate and timely payment for services rendered.

Accountability: The Director, CAC, is responsible for enhancing and sustaining the payroll operations and is held accountable for operating within fiscal constraints established by the Working Capital Fund.

Management: While the Director, CAC, manages the payroll operations, the WCF Payroll Working Group acts in behalf of the WCF Board to monitor and advise the Payroll Business Line in its initiatives and general operations that are financed by the WCF.

Data Source: U.S. Department of Treasury records, DCPS, ATAAPS reports, and LDS reports.

Frequency: Biweekly

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

Strategies for Improving Customer Satisfaction	2004	2005	2006	2007	2008
Partner with the Office of Human Resource Management to persuade and encourage employees to increase their usage of ESS for submitting changes to payroll entitlements and deductions and receiving personal payroll data.	X	X	X	X	X
Conduct customer surveys of employees and program offices to validate or enhance quality or timeliness of payroll services		X	X	X	X
Evaluate and initiate appropriate actions to implement customers' recommendations or interest.	X	X	X	X	X
Modernize payroll systems and processes to improve the availability of management information.			X	X	
Develop enhanced tools for program offices to independently generate their own reports from the payroll data warehouse.	X	X	X	X	X

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

2. Financial Objective: Develop and execute plans to provide quality services without unduly burdening the program offices that finance the payroll operations.
--

Periodically meet with the National Treasury Employees Union and the DOE Office of Labor/Management Relations representatives and obtain their views on the payroll services. Use this platform to disseminate the Payroll Business Line and WCF Boards plans in sustaining or enhancing the payroll operations. Additionally, periodically apprise the WCF Board to obtain their buy-ins to changes that will affect them financially and administratively.

Performance Goal	Performance Standard
Update the payroll section of the Functional Directory of the U.S. DOE National Telephone Directory	Target date: 03/31/04
Issue ATAAP instructions to timekeepers and certification officials to permit them to submit supplemental corrections via e-mail rather than faxing the documents to the Payroll Branch	Target date: 03/31/04
Continue to train the Payroll Customer Service Representatives to become more proficient in performing queries of DCPS and providing more timely and accurate services.	Target date: 6/30/04
Utilize the DOECAST to disseminate changes that are taking place in MyPay and ESS	Target date: 04/30/04
Apprise the WCF Board on the DFAS service rates for fiscal year 2005	Target date: 05/31/04
Support the I-MANAGE STARS initiative in migrating payroll data from DISCAS to STARS.	Target date: 09/30/04

Baseline: Conduct meeting with NTEU and Labor Relations and brief the WCF Board of all significant changes to payroll services and/or operational costs.

Data Source: Minutes of meetings with NTEU and Labor Relations and WCF Board meetings.

Frequency: At least quarterly, report progress to the WCF Board

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

Strategies for Financial Objective	2004	2005	2006	2007	2008
Implement an enhanced timekeeping functionality	X	X	X		
Implement an enhanced labor distribution functionality		X	X		
Enhance employee interaction through ESS	X	X	X	X	X

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

3. Internal Processes Objective: Evaluate and/or reengineer policies, procedures, and business practices to complement the Department's systems modernization initiatives.

As a result of the successful implementation of ATAAPS throughout the Department and by outsourcing a major portion of the payroll functions to DFAS, the Payroll Business Line plans to stabilize the payroll operations to keep the dynamics at a reasonable level and avoid the need for making any additional policy or procedural changes in fiscal year 2004.

Performance Goal	Performance Standard
Ensure employees receive Earning and Leave Statement on a biweekly basis	100% on-time biweekly delivery to employees
Develop alternatives for employees who do not have access to a computer to receive their Leave and Earnings Statements while on extended sick leave.	In concert with DFAS, develop alternative by 06/30/2004

Baseline: The payroll Earnings and Leave Statements have been consistently delivered on time; thereby, the Payroll Business Line has sustained the 100% performance objective

Data Source: DCPS, ATAAPS reports, and Earnings and Leave Statements

Frequency: Biweekly

Strategies for Internal Process Objective	2004	2005	2006	2007	2008
Implement an enhanced timekeeping functionality	X	X			
Enhance employee interaction through ESS	X	X	X	X	X
Reduce paper processing by reengineering T&A process.	X				
Increase the percentage of electronic requests for changes to payroll entitlements and deductions	X	X	X	X	X

Payroll Business Line FISCAL YEAR 2004 – 2008 PLAN

- 4. Learning and Growth Objective: Continue to develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in the payroll modernization initiative.**

With regard to corporate financial systems initiatives, the DOE has singled out I-MANAGE STARS as its highest priority for fiscal year 2004. The Payroll Business Line will be challenged to provide STARS training to the affected payroll staff members and participate in the migration of payroll data from DISCAS to STARS by October 1, 2004.

Performance Goal	Performance Standard
Develop strategy and plan to enhance MyPay and ESS so that employees will be able to view and print out their Leave and Earnings Statements for the past 27 pay periods.	Target date: 04/31/04
Validate the accuracy of the payroll control accounts in DISCAS with DCPS and DOEInfo.	Target date: 06/30/04
Provide STARS training to affected payroll staff members	Target date: 07/31/04
Migrate DISCAS payroll balances to STARS	Target date: 10/01/04

Baseline: Utilize plan, monitor progress, and report status to WCF.

Data Source: None

Frequency: No training cycle or performance measure at this time.

Strategies for Improving Learning and Growth Objective	2004	2005	2006	2007	2008
Develop strategy and plans for enhancing MyPay and ESS relative to retrieval of leave and earnings statements	X				
Implement plan with milestones to migrate payroll accounting data from DISCAS to STARS	X				
Develop communication plan to keep stakeholders informed of STARS implementation	X				
Deploy STARS training to payroll staff members	X				